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MONTANA

BUSINESS & INDUSTRIAL LOCATION GUIDE

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Table of Contents

SECTION I: Pages 1-4
Greeting from Governor Schwinden
Overview of Montana's business climate and lifestyle

SECTION II: Pages 5-12
Economic Profile: Montana's manufacturing, mining, agriculture and tourism sectors.

SECTION III: Pages 13-20
Recreation, Lifestyle, Climate: Montana's natural surroundings and the lifestyle of those who live here.

SECTION IV: Pages 21-28
Workforce & Education: Montana's workers, and the state's educational system.

SECTION V: Pages 29-34
Transportation: Montana's railroads, airlines, highways and special transportation facilities.

SECTION VI: Pages 35-42
Energy, Raw Materials, Water, Land: Montana's utilities, and production and use of its natural resources.

SECTION VII: Pages 43-53
Financing Alternatives, Tax Incentives, Taxes and Licenses: Montana's financial environment, including tax structure, sources of industrial financing and non-financial incentives.

CENSUS AND ECONOMIC
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MONTANA DEPT. OF COMMERCE
HELENA, MT 59620-0401
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Economic development is a high priority of my administration. A comprehensive economic development package called Build Montana provides the kind of business assistance and development finance incentives you would expect from a state that is serious about its business climate. Take a look at us, and you'll see why Montana is a natural for business.

Ted Schwinden,
Governor

Return on Investment.

You want it from your lifestyle as well as from your business. Montana has the essentials for both.

Montana ... a natural for business.

- **Pro-business climate.** Montana state and local governments pride themselves on their responsiveness to business. The Governor and cabinet officials are accessible, concerned, and involved in finding creative solutions to business needs.
- **Attractive business incentives.** Business in Montana benefits from a unique public-private partnership that has created one of the most aggressive economic development efforts in the country. The Build Montana program is a comprehensive economic development plan that offers a variety of incentives and innovative financing packages to encourage and support business development and expansion.
- **Productive workers.** Montana's most important economic resource is its people—hardworking, productive, innovative, adaptable, and still committed to a strong work ethic.
- **Low-cost energy.** The 1986 study by Grant Thornton rated Montana fourth lowest of the 48 contiguous states in energy costs to manufacturers per million BTUs. Montana's abundance of water supplies the needs of agriculture, forestry and industry—as well as blue-ribbon trout fishing.
- **Naturally inviting.** Montana's breathtaking natural beauty includes the alpine splendor of Glacier and Yellowstone National Parks, wilderness areas, sparkling lakes and mountain rivers, colorful badlands and sandrock formations, prairies from horizon to horizon, and range after range of rugged Rocky Mountains.
- **Outdoor adventure.** Home of world famous trout streams and abundant wildlife, Montana offers the nation's finest fishing and hunting. Montana also has nine large ski areas and miles of nordic ski trails. And, you'll find acres of national forest for rafting, pack trips and wilderness experiences. They're all just a stone's throw away at the end of the day.
- **Quality education.** Montana has the nation's fourth highest per capita expenditure for education (K-12). And elementary and secondary students receive individualized attention because of a low student/teacher ratio. Over the past decade, college-bound seniors from Montana have ranked in the top ten percent nationwide in A.C.T. and S.A.T. scores.
- **Computer access.** Montana is ranked number one in the nation in computer accessibility to students, with one computer to every 30 students. And all of Montana's junior high and high schools use computers in their instructional programs.
- **Comfortable lifestyle.** Safe, uncongested, unspoiled. Montana has reasonable property values, low crime rates, and utility costs that are far below the norm. Overall, Montana offers a cost of living lower than the nation's average. And a quality of life that's hard to match. It's no wonder people love to live here.

Vancouver, B.C.
Seattle
Portland
San Francisco
Los Angeles
Calgary
Montana
Salt Lake City
Denver
Dallas
St. Louis
Omaha
Chicago
Minneapolis

MONTANA

ECONOMIC PROFILE

Wide horizons.

Montana ... new opportunities for industry.

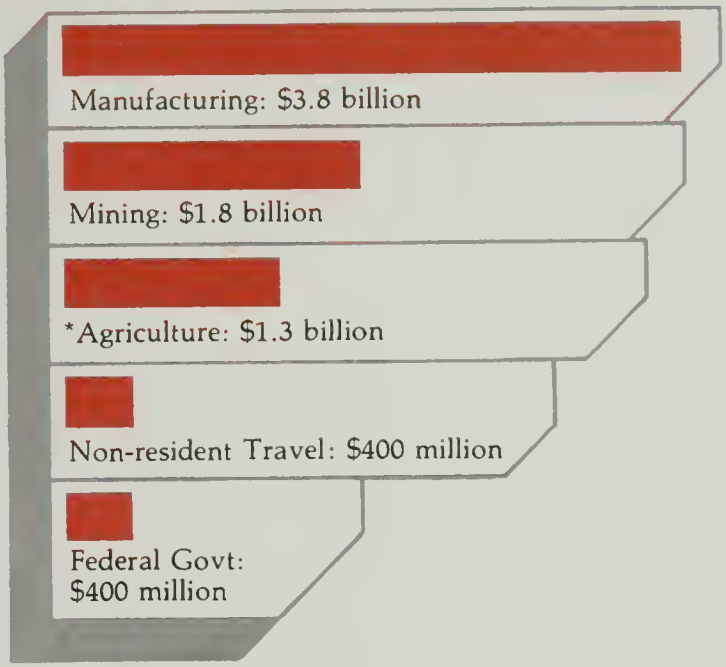
Since the 1800s, agriculture, mining and the processing of minerals and agricultural/forest products have been Montana's economic mainstays. In recent years, both manufacturing and tourism have expanded rapidly, and play increasingly important roles.

In terms of gross receipts, manufacturing is Montana's largest industry. It is also the most diverse, with activities ranging from the processing of agricultural goods to the production of fiber optics. Tourism has also experienced dramatic growth in employment and income, and is now recognized as a major component in Montana's economy.

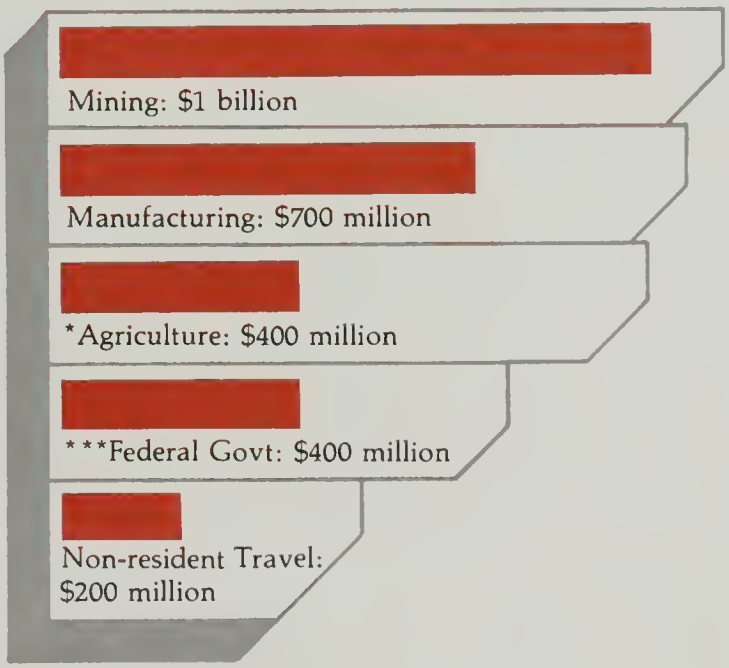
As an agricultural producer, Montana is among the top five states in the production of wheat and barley, and is a leading supplier of beef cattle and sheep. In addition, the forest products industry has made tremendous progress in adding value to its raw materials.

Montana is a leading producer of precious metals and industrial minerals. Coal, crude petroleum and natural gas account for a significant portion of the state's income from mining. Dramatic changes in the past decade have led to technology-intense mining facilities, capable of profitably extracting and processing lower grade ores.

1984 GROSS RECEIPTS



1984 VALUE-ADDED ESTIMATES**



* Agricultural gross receipts and value-added estimates for 1984 were unusually low due to drought.

** Value-added counted in Montana's economy through sales or service to out-of-state sources.

*** Excludes depreciation, a major element of value-added.

Manufacturing

The majority of manufacturers in Montana are engaged in processing the state's raw materials. Currently, manufacturing generates about $3.8 billion in gross receipts and $700 million in value added.

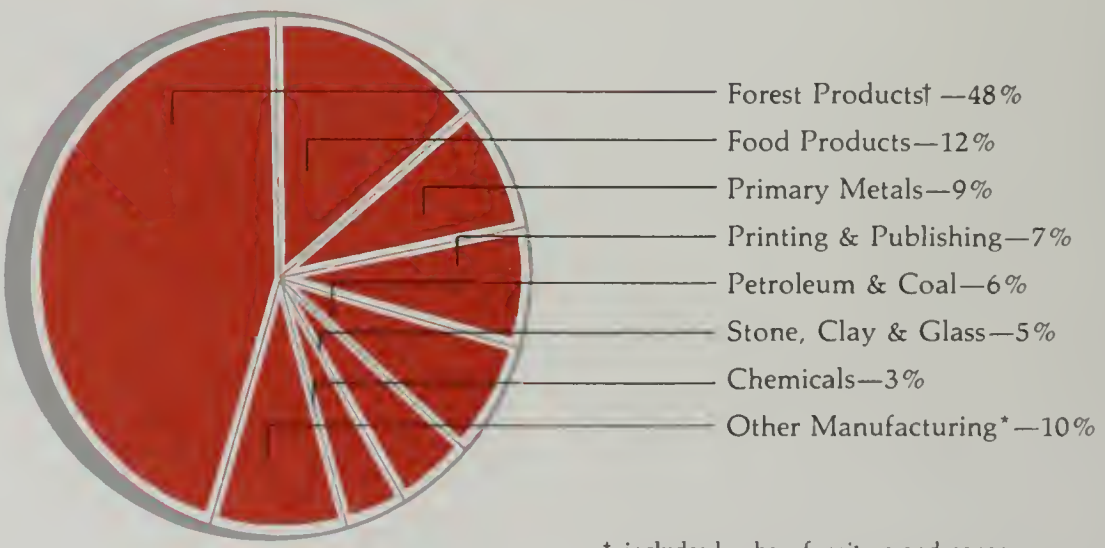
The state's forest products industry accounts for 48% of the wages and salaries related to manufacturing. Montana supplies dimensional and specialty lumber, plywood, fiberboard, particle board, paper, modular building components, mobile homes, furniture and other wooden items.

Agricultural products processing, which includes a variety of manufacturing activities, comprises 12% of Montana's manufacturing wages and salaries. Meat processing, flour milling, sugar refining, production of livestock and pet food, and preparation of food products including canned meats, bread, candy and dairy products are major components of the state's total manufacturing picture.

In recent years, firms manufacturing high technology products have played an increasingly important role in the state's economy. Companies involved in the manufacturing of products ranging from rinser-dryers for silicon wafers to repair systems for fiber optics have found Montana a good place to grow.

Other manufacturing in Montana includes primary processing of aluminum and lead, petroleum refining, cement and concrete products, heavy equipment for mining and agriculture, fertilizers and chemicals, wearing apparel and a variety of sporting goods and recreational equipment.

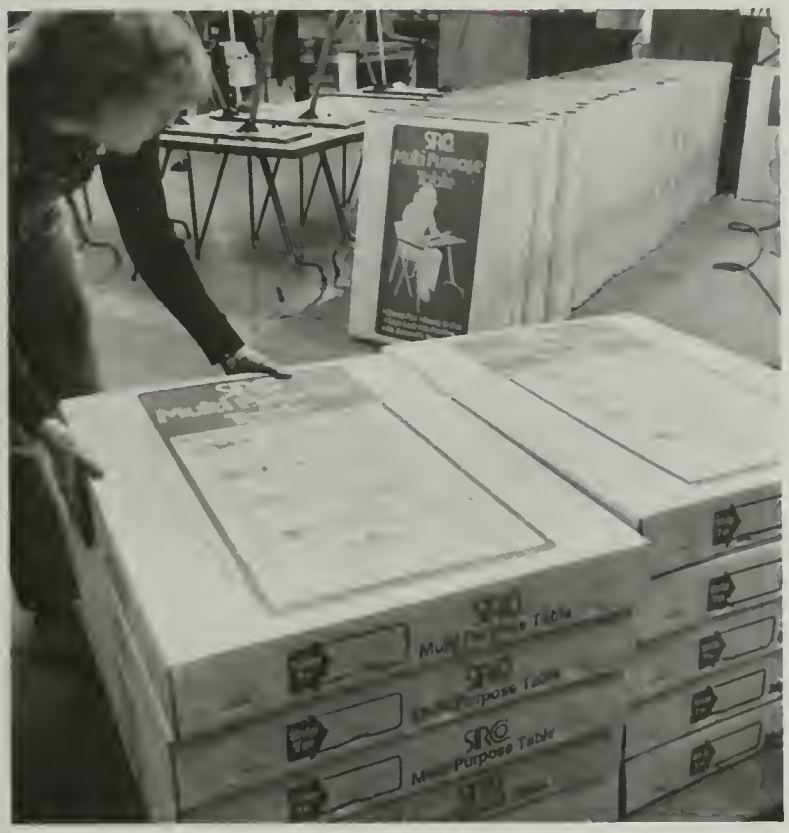
WAGES AND SALARIES FOR MONTANA MANUFACTURING WORKERS—1984



† includes lumber, furniture and paper.
*Apparel and other textile products, rubber and plastics, leather products, fabricated metal products, machinery except electrical, electrical and electronic machinery, transportation equipment, instruments and miscellaneous manufacturing industries.

Some of Montana's Major Manufacturers

A & S Tribal Industries
AgriBasics, a ConAgra Company
Allen/Bradley
American Chemet Corporation
American Colloid Co.
American Dental Mfg. Co.
ARCO Aluminum Company
ASARCO, Inc.
Beatrice Foods Co.
Big Bud Tractors, Inc.
Cenex
Champion International Corporation
Columbia Paint Co.
Conoco, Inc.
Crisafulli Pump Co.
John R. Daily, Inc.
Elk River Concrete Products Co.
Empire Steel Mfg. Co.
Exxon Co.
Gallatin Homes Corp.
General Mills
W.R. Grace & Co.
Holly Sugar Corp.
Ideal Cement Co.
Interstate Brands Corp.
Kaiser Cement Corp.
Louisiana Pacific Corp.
NORCO Products
Pfizer, Inc.
Plum Creek Lumber Co.
Ribi Immunochem Research, Inc.
Rockee USA
Roscoe Steel and Culvert Co.
Semitool, Inc.
Sirco Manufacturing, Inc.
Skyland Scientific Services, Inc.
Stauffer Chemical Co.
Stoltze Land and Lumber Co.
Tele-Tech Corporation
Truzzolino Food Products Co.
Wood's Powr-Grip Co., Inc.



MADE IN MONTANA

Mining

In 1984, mining contributed $1.8 billion in gross receipts to the state, with fuel minerals—oil, coal and natural gas—accounting for 91% of the total.

Fuel Minerals

Petroleum far surpassed all other minerals in value, generating 54.8% of the state's 1984 income from minerals, followed by coal at 28.8%.

Positioned between Wyoming's active oil region and Calgary, Alberta, Montana is an oil-rich state with an important future. Current estimated reserves are about 200 million barrels, with almost 30 million barrels produced during 1984.

Oil production in Montana continues, with more than 6,500 producing wells. Widespread exploration is expected to uncover additional reserves in the state.

Coal represents 82% of America's fossil fuel reserves, and according to the U.S. Geological Survey, Montana ranks first in coal resources and reserves. As the importance of synthetic fuels and electrical generation continues to grow, Montana is expected to supply a significant percentage of the coal necessary to satisfy these needs. Montana alone has more than 75 billion tons of recoverable low-sulphur reserves within her borders. At present mining levels, these reserves will last more than 2,000 years.

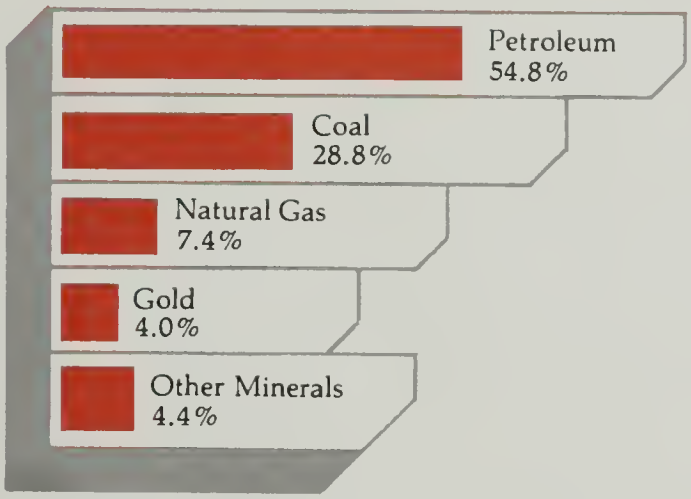
Non-Fuel Minerals

Mining in Montana began with the discovery of gold in the mid-19th century. Later, copper mining became a strong foundation for the state's economy. In recent years, Montana has diversified its non-fuel mineral production with a variety of metallic and non-metallic minerals.

Montana is regarded as having one of the nation's highest potentials for metals mining, with substantial known deposits of silver, copper, gold, zinc, lead, iron, tungsten and molybdenum. The state leads the nation in production of antimony and contains the largest reserves of chromite, platinum and paladium.

Sand, gravel and talc are all produced in Montana. In addition, the state has large deposits of phosphate rock, commercial bentonite, vermiculite, building stone and limestone.

1984 ESTIMATED INCOME FROM MINERALS



Montana's oil, gas and low-sulphur coal help fuel the nation and are increasingly important to the state's economy.

Agriculture

Agriculture is big business in Montana. The average farm or ranch is about 2,600 acres, often devoted to the production of a single crop. Advanced technology is a key ingredient in the management of these huge operations.

Montana is a national leader in the production of wheat, barley, sugar beets, dry beans and oats. Other products grown in the state include alfalfa, potatoes for both seed and consumption, safflower, sunflower and mustard.

Wheat is the single largest cash crop with a higher than average protein content that enhances its marketability. Every year 70% of the state's wheat crop is exported overseas.

Cattle generate slightly less in gross receipts than wheat. Combined, wheat and cattle account for about three-quarters of the state's approximately $1.3 billion agricultural gross receipts. Montana has more than 3 million head of cattle and 500,000 sheep feeding on its ranges, and an annual calf crop exceeding 1.5 million.

The value-added industries, which generated about $400 million in 1984, continue to grow in Montana. The state presently has three flour mills, a safflower crushing plant, two ethanol plants, two alfalfa pelleting plants, a beef packing plant and a cereal company, as well as many other existing and proposed facilities to process Montana's agricultural products.

CASH RECEIPTS FROM 1984 MONTANA FARM PRODUCTS

Livestock:	$655,364,000
Crops:	$652,461,000
Total:	$1,307,825,000

Sources: U.S. Department of Agriculture, Montana Crop and Livestock Reporting Service.

The size and scope of Montana's agricultural industry is scaled to the state. Massive equipment tills huge land areas, and cattle graze on thousands of acres of pastureland.

Tourism

Montana is a scenic delight. It boasts Glacier and Yellowstone National Parks, the crown jewels of the national park system, a host of historical sites and millions of acres of national forest for fishing, rafting, pack trips and wilderness experiences.

In addition, Montana is developing as a world class winter vacation destination. Leading the development are capital investments by major hospitality corporations, downhill and cross country ski areas and destination resorts. The 1988 Winter Olympics, to be held just north of the state in Calgary, Alberta, will help assure additional growth for the state's winter sports industry.

Tourism has enjoyed steady increases in income and employment, making it one of Montana's fastest growing industries. Over 2 million visitors experience Montana annually. Their expenditures fuel more than 20,000 primary jobs and contribute more than $45 million to Montana's tax revenues.

Projections show continued growth in tourism, stimulating investments in lodging, restaurants and other visitor services.

Tourism has grown from casual home-state pride to active promotion of Montana for others to enjoy. Tourism is big business in today's mobile society.

MONTANA

RECREATION
LIFESTYLE
CLIMATE

Naturally inviting.

"We had two reasons for moving our rod company from San Francisco to Montana. First, we wanted a place where we could work without many interruptions and, second, we wanted to be close to the good fishing necessary to field test our rods.

Our company's 55-year reputation for fine workmanship comes from the people who build the rods and the freedom they have to do their work. Everyone works with the idea of doing the best possible job and a time limit is not put on doing it. If one of Montana's fine trout streams beckons, we take our rods and go. This provides us with the artistic freedom and inspiration we need to accomplish outstanding work.

The move to Montana has been very successful for our business—and for us as individuals."

Tom Morgan
R.L. Winston Rod Co.
Twin Bridges, Montana

Tom Morgan is co-owner of the R.L. Winston Rod Co., builders of fly rods since 1929. Since purchasing the company in 1973, Morgan has continued the company's tradition of craftsmanship and design by handcrafting over 90 different models of bamboo, graphite and fiberglass fly rods. The Winston Rod Co. ships more than 1,000 rods a year worldwide from their headquarters in Twin Bridges, Montana.

Recreation

Montanans have the luxury of being able to vacation in the same state where they live and work.

For outdoor sports enthusiasts, Montana offers a broad spectrum of activities. Summer is dominated by sailing and power-boating, canoeing, whitewater float trips, golfing, tennis, biking, hiking, backpacking and mountain climbing. In winter, Montana's dry climate produces some of the nation's finest powder snow at more than a dozen uncrowded alpine ski areas, as well as hundreds of wilderness trails for cross-country skiing.

Visitors and residents alike can follow the route of explorers Lewis and Clark along the Missouri, visit the scene of Custer's last stand, see Indian campsites and Gold Rush ghost towns, attend rodeos and Indian powwows, relax at dude ranches and hot springs resorts, tour Glacier and Yellowstone National Parks.

Wildlife

For the sportsman, Montana offers the nation's finest hunting and fishing. Deer, elk, antelope, pheasant, upland game birds, ducks and geese are plentiful, and the state is world-renowned for its blue-ribbon trout streams.

Good hunting and fishing are within minutes of every community in the state. Montana also has more than 400 licensed outfitters who conduct guided hunting trips into wilderness areas.

Montana's natural setting gives photographers and wildlife enthusiasts many opportunities to observe animals and birds that are seldom encountered in more populous states.

Buffalo still roam at the National Bison Range near Moiese. Bighorn sheep and mountain goats are often seen in many areas of western Montana, and the annual "Gathering of the Eagles" in Glacier Park attracts observers and photographers from throughout the world. Around 1,000 eagles, or 10% of all the eagles in the U.S., pass through the park each fall on their annual migration south.

Pronghorns (antelope) typically are seen in plains areas. Montana offers a close-up view of wildlife not often seen in many parts of the country.

Residents of Montana find recreation close to home, and in infinite variety. With few crowds or lines, Montanans take advantage of the great natural resources and beauty of the state at every opportunity.

Lifestyle

Safe, uncongested, unspoiled. Montana is the fourth largest state in the Union, yet its total population is less than 825,000 people. About 40% of those people live in or near the state's six largest cities.

Urban Montana offers all the advantages of any modern city in the West. And although Montana's land area is vast, city dwellers are within minutes of shopping, airports, outdoor recreation and work. The relatively small size of Montana's cities makes it easier for the individual to have a voice in community activities and decision making. We still know our neighbors, and our children attend neighborhood schools.

Montana cities offer the advantages, without some of the disadvantages, of larger cities. For example, the "rush hour" in Montana's cities lasts only a matter of minutes. Crime rates are also low in urban Montana—lower than most of the surrounding states, and considerably lower than the nation as a whole.

Property values are still reasonable, and in many respects, the cost of living in Montana is lower than in the majority of the nation. Hospital costs in Montana are the second lowest nationwide and the cost of utilities is far below the national average.

Montana also attracts more than its share of outstanding professional and technical minds—physicians, attorneys, artists, engineers, educators and others. People like to live here.

Urban living in Montana—a variety and uniqueness that comes from the people who choose to live here.

MONTANA POPULATION— 10 LARGEST URBAN AREAS 1980 CENSUS

Billings	86,493
Great Falls	70,600
Missoula	65,476
Helena	38,853
Butte	36,817
Bozeman	28,604
Kalispell	22,860
Havre	13,738
Miles City	11,846
Anaconda	10,403

1984 ESTIMATED POPULATION OF MONTANA'S 7 LARGEST LABOR SUPPLY AREAS*

Billings	133,300
Missoula	101,300
Great Falls	81,800
Kalispell	53,900
Helena	53,800
Bozeman	47,600
Butte	35,200

*Labor Supply Area is defined as the population of the county containing the central city, plus the population of surrounding counties in which at least 15% of its working population commuted to the central county during 1980. Under this definition, only Billings, Missoula and Helena LSAs contained surrounding counties.

Source of 1980 county population estimates: U.S. Bureau of the Census

1984 ESTIMATED POPULATION OF MONTANA'S 7 LARGEST RETAIL TRADE AREAS

Billings	169,000
Great Falls	120,000
Missoula	115,000
Kalispell	72,000
Butte	61,000
Bozeman	56,000
Helena	52,000

Cultural Activities

A young state, Montana is abundant with talent and creativity. Artists comprise about 1% of the state's civilian labor force, and this population is growing faster than the national average. There are approximately 500 non-profit cultural organizations in the state with a combined annual revenue of $12 million.

Virtually all Montana communities sponsor a number of energetic, high-quality programs for the visual and performing arts. Montana is a strong theatre state with six professional performing arts companies that tour the region. In addition, Montana sponsors eight symphonies, 30 community theatres and 46 arts festivals.

Montana is a major center for activities associated with visual arts and artifacts. Buyers of Western art from around the world travel here to attend such annual events as the C.M. Russell Auction in Great Falls and the Western Rendezvous of Art in Helena. More than 15 galleries and art centers and 200 historical societies and museums sponsor stimulating exhibitions in all art forms.

Montana also claims a rich traditional heritage. It is home to 10 Indian tribes and bands who host numerous pow-wows in which dance, music and song provide a living link between the past and the present.

Opportunities for participation in cultural activities are numerous and draw people from all walks of life.

Climate and Geography

Surprisingly more than mountains.

- Montana is a semi-arid state and its weather is dry, not damp. Due to the comfortably low level of humidity, 10-degree weather in Montana does not feel as cold as similar temperatures in Chicago. And 80-degree weather is comfortably dry, not humid, as in New York and Washington, D.C.
- Montana receives less than 15 inches of precipitation a year. Only a few months average more than an inch, making the weather usually clear, sunny and dry.
- Montana's elevation ranges from a low of 1,800 feet to a high of 12,799 feet, with an average elevation of 3,400 feet, the lowest of all the Rocky Mountain states.
- Average maximum daytime temperature in most Montana cities in July is 85.9°F, while the average maximum daytime temperature in January is 27.6°F, higher than both Minnesota and Wisconsin.
- Snowfall is not heavy in Montana, except in the mountains which account for only 1/3 of the state's land area.
- Annual snowfall in a number of Montana's largest cities is less than in Albany and Buffalo, New York; Denver, Colorado; Hartford, Connecticut; or Salt Lake City, Utah.
- Winter cold waves are broken by periods of warm weather, when chinook winds bring unseasonably high temperatures to the state.
- Snow comes and goes in the winter months, rarely piling up all winter.

AVERAGE SNOWFALL—U.S. CITIES

	Elevation in Feet	Inches Annually
Pittsburgh, Pennsylvania	1,137	30.9
Miles City, Montana	**2,371**	**31.9**
Omaha, Nebraska	977	32.0
Des Moines, Iowa	938	32.3
Bismarck, North Dakota	1,647	39.1
Chicago, Illinois	595	39.7
Boston, Massachusetts	15	42.8
Milwaukee, Wisconsin	672	43.7
Minneapolis, Minnesota	834	45.1
Missoula, Montana	**3,213**	**49.0**
Cleveland, Ohio	777	50.5
Butte, Montana	**5,530**	**51.0**
Spokane, Washington	2,536	53.6
Billings, Montana	**3,124**	**55.7**
Salt Lake City, Utah	4,220	56.3
Great Falls, Montana	**3,330**	**57.4**
Denver, Colorado	5,280	58.7
Albany, New York	275	67.3
Portland, Maine	43	77.0
Buffalo, New York	705	89.0
Juneau, Alaska	12	106.3
Sault St. Marie, Michigan	721	108.2

AVERAGE TEMPERATURES—U.S. CITIES

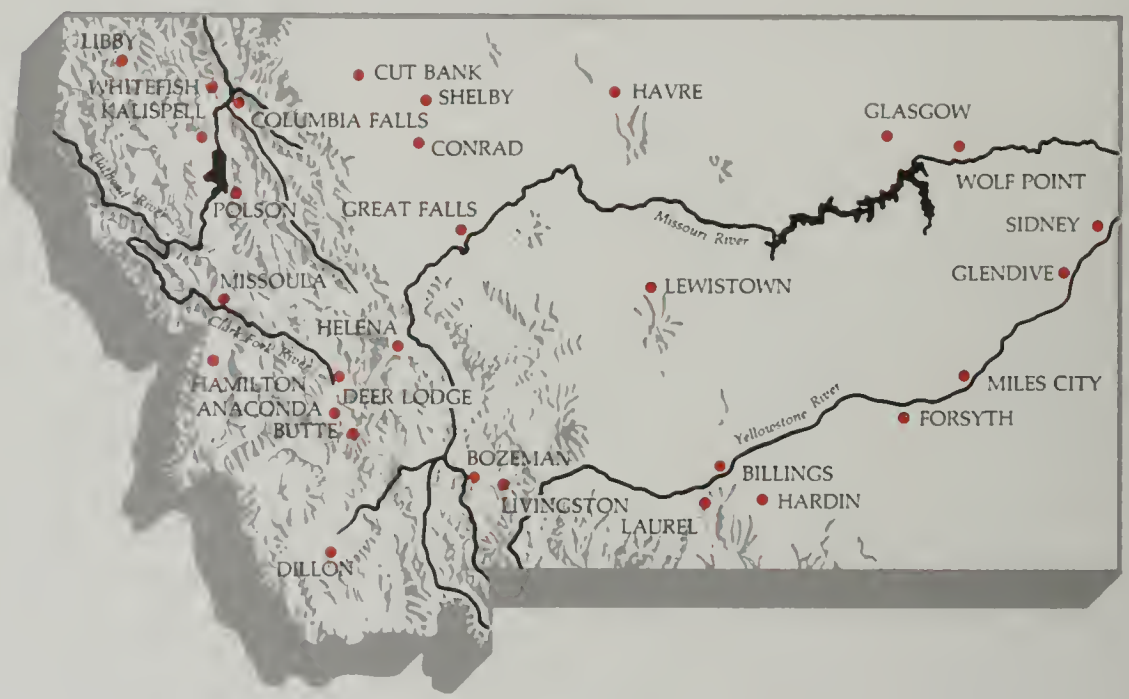
	January	July
Bismarck, North Dakota	8.2	70.8
Minneapolis/St. Paul, Minnesota	11.8	71.2
Sault St. Marie, Michigan	14.2	63.8
Des Moines, Iowa	19.4	75.1
Milwaukee, Wisconsin	19.4	69.9
Great Falls, Montana	**22.1**	**69.4**
Portland, Maine	21.5	68.0
Albany, New York	21.5	72.0
Missoula, Montana	**21.7**	**67.7**
Omaha, Nebraska	22.6	77.2
Billings, Montana	**23.2**	**74.7**
Chicago, Illinois	24.3	74.7
Spokane, Washington	25.4	69.7
Cleveland, Ohio	26.9	71.4
Indianapolis, Indiana	27.9	75.0
Salt Lake City, Utah	28.0	76.7
Denver, Colorado	32.9	74.2

Varied climate, varied terrain

Five hundred miles long and three hundred miles wide, Montana offers a variety of widely differing terrain, from the forested Rocky Mountains in the west, to rolling plains and rugged badlands in the east. Elevations range from a low point of 1,800 feet on the Kootenai River at the Idaho line in the northwest corner of the state, to Granite Peak, the highest point at 12,799 feet, located near Yellowstone Park in southcentral Montana.

Montana's climate varies according to altitude and location. Average annual precipitation is 15 inches, and ranges from a low of 6 inches in the eastern part of the state to a high of 120 inches on a mountaintop in Glacier National Park.

Because of its location in a chinook belt, Montana's weather is the most changeable of any area in the nation. Chinooks are warm, dry southwesterly winds that occur on the downwind slopes of the Northern Rockies. In winter, when chinook winds displace retreating cold air, temperatures rise dramatically within a few hours. In central Montana, it is not uncommon to experience a 60-degree temperature change that melts winter snow and brings springlike weather for several days.



MONTANA

WORKFORCE
EDUCATION

Rolling up our sleeves.

"When I first considered relocating my electronic equipment manufacturing business from southern California to Montana, the labor market was my greatest concern.

Now, it's my greatest asset.

Shortly after relocating, I recruited the nucleus of skilled workers needed right from the community. Within months, I had 42 skilled and semiskilled workers manufacturing machines for the semiconductor electronic industry.

I have more trained workers to choose from here than I had in California. And they are by far more industrious. The reason is that they are grateful to be working at a job they like and living in a state they love.

There simply isn't anywhere on earth they would rather be.

If anyone were doubtful about Montana as a place to do business, I think they would consider it seriously after taking a look at the numbers. Productivity is the key."

Ray Thompson
Semitool, Inc.
Kalispell, Montana

Ray Thompson is president of Semitool, one of three companies in the nation that manufacture rinser/dryers for silicon wafers. He markets and services his product nationwide as well as in Europe and Japan. Among his customers are Hewlitt-Packard, Texas Instruments, IBM, Motorola, Fairchild and National Semiconductor. His plant is located in Kalispell, Montana.

Semitool ranked 15th in INC magazine's 1984 list of the 500 fastest growing companies in the U.S.

Montana workers.

Skilled.
Productive.
Dependable.

MONTANA WAGE SURVEY (1987)

OCCUPATION	MEDIAN WAGE	AVERAGE WAGE Entry Level
Secretary	$ 6.32	$ 4.91
Stenographer	6.35	5.51
Clerk Typist	5.25	4.66
File Clerk	4.60	4.10
Switchboard Operators	5.00	4.54
Data Code Operator	6.20	4.53
Key Punch/Key Tape Operator	5.70	4.98
Computer Operator	6.50	5.43
Drafter, Architectural	9.00	6.70
Drafter, Civil	8.42	5.64
Drafter, Electronics	7.80	6.64
Drafter, Geological	9.24	6.96
Drafter, Mechanical	7.22	6.06
Technician, Electronic	13.65	6.85
Maintenance Carpenter	6.68	6.23
Maintenance Electrician	13.94	12.20
Painter	10.35	8.64
Plumber	13.04	N.A.
Maintenance Mechanic	11.43	7.60
Millwright	13.04	10.75
Mechanic, Automobile	8.75	6.53
Mechanic, Construction Equip.	11.62	N.A.
Mechanic, Diesel	12.93	9.52
Stationary Engineer	10.94	7.44
Heavy Truck Driver	10.19	6.85
Light Truck Driver	6.87	5.39
Dump Truck Driver	14.44	N.A.
Tank Truck Driver	7.87	5.00
Tractor Trailer Driver	7.90	7.60
Truck Driver, Food Service	6.92	4.87
Tractor Operator	11.83	10.59
Operating Engineer	14.10	9.86
Material Handler (Fork Lift Operators)	8.35	6.03
Industrial Truck Driver	10.84	6.99
Security Guard	5.47	5.17
Janitor	4.62	4.64

Source: Montana Department of Labor and Industry

MONTANA EMPLOYMENT BY INDUSTRY—1987

	*Percentage of Workforce
Wholesale & Retail Trade	24.7 %
Services	20.7 %
Government	24.1 %
Agriculture & Forestry**	6.8 %
Manufacturing	7.1 %
Transportation, Communication, Utilities	6.9 %
Construction	3.1 %
Financial, Insurance, Real Estate	4.3 %
Mining	2.2 %
TOTAL (NON-AG)	100.0 %

Source: Montana Department of Labor and Industry
*Detail does not add to total due to rounding
**Most forest products activity is included in the manufacturing category

Montana's Workforce

Montana's most important economic resource is its people—hardworking, productive, innovative, adaptable, and still committed to the strong work ethic of their pioneer forebearers.

Employers can draw upon a large pool of well educated and skilled workers, people with a "can do" attitude. As one manufacturer said of her firm's research engineers, "You give them a problem, and they solve it. They don't care that it's supposed to be impossible."

That positive approach to the job at hand is found not only in the laboratory, but on the shop floor, in the mines and forests, in the office, and wherever Montanans are at work. It's one reason many new and expanding industries choose a Montana location.

But just don't take our word for it. If you want to know more about Montana's workforce from an employer's point of view, talk to a Montana businessperson. We would be delighted to furnish you with names, addresses, and telephone numbers.

Statistically, Montana workers are highly productive.

Can we train workers for you?

Montana's energetic vocational-technical education system is eager to work with companies that require workers with specialized skills.

Through the efforts of the Montana Private Industry Council, training and upgrading programs are closely coordinated with economic development activities in the state, and procedures have been streamlined to make it as easy as possible for employers to participate.

Pre-Industrial Start-Up Training

This new program finds and trains workers for any new or expanding industry in Montana, at no cost to the employer. Since its inception, the program has trained hundreds of Montana workers in specialized skills ranging from electronics to chemicals handling. Each year training is scheduled for additional workers.

All Montana citizens may apply for training under the program. Most trainees are highly motivated, sometimes undergoing evening training on their own time, and at their own expense, after working full time at another job during the day.

Employers need only to specify how many workers are needed, the skill levels required, and an approximate plant start-up date. All advertising, screening, testing and interviewing are performed by the Montana Job Service, and workers are custom-trained to meet or exceed job entry level skill requirements set by the employer. Employers select trainees from among the applicants for training.

On-The-Job and Classroom Training

Employers who hire and train unemployed individuals are reimbursed for the costs associated with the training—up to 50% of the trainee's wage, throughout the training period.

Montana Job Service will handle the screening and referral of these workers, before the employer makes the final selection. Program participants may also receive classroom training, counseling, orientation and support services at no cost to the employer.

Classroom instruction may be designed specifically to meet the needs of new or expanding industry, and employer input in the training design is welcomed. The goal is to have trained workers ready by the time a new industry opens its doors. Participants are enrolled through the Montana Job Service.

These training programs can be combined with tax credits for businesses employing certain individuals. Paper work is kept to a minimum, and two-year, phased tax credits form a perfect match with on-the-job and classroom training enabling employers to develop a well-trained labor force without high start-up costs.

Montana offers extensive vocational and technical education, and trained workers with a variety of skills are available to business and industry.

Primary and Secondary Education

Several recent national surveys indicate Montana's schools are among the best in the country in student achievement and quality of education. In a 1984 survey conducted by the U.S. Department of Education, Montana's schools were ranked third nationwide based on six "quality index" categories and four "hardship index" categories.

Because of a low student/teacher ratio (fewer than 16 students per teacher), Montana's public schools can offer quality education with a high degree of individual teacher/student contact. Most elementary schools have less than 200 students; the largest elementary school has an enrollment under 750.

One hundred percent of Montana's junior high and high schools use computers in their instructional programs. Additionally, 92% of the elementary schools in the state have computers available for student use. Overall, there is one computer to every thirty students in Montana's public schools. According to the latest national survey results, this is the highest ratio of computers to students in the country.

Almost 55% of Montana's high school seniors take the American College Testing Program (ACT) exam. The composite score of Montana's college-bound seniors is higher by two points than any other state.

Montana's strong public education system is responsive to the individual's educational needs. Varied programs range from the Montana School for the Deaf and the Blind in Great Falls, to special classes for gifted and talented students, the educationally disadvantaged and the handicapped.

Montana offers the nation's highest ratio of computers to students.

Education in Montana

Montana has two universities—Montana State University with 11,000 students and University of Montana with more than 9,000 students—as well as 11 colleges for a total college enrollment of 37,000 students.

Montana State University in Bozeman and the University of Montana in Missoula offer a variety of widely recognized graduate and undergraduate courses in the arts and sciences, business administration, engineering, architecture, law, education, medicine, agriculture and home economics.

The Montana College of Mineral Science and Technology, Butte, offers degrees in the sciences and engineering, and has developed several of its programs in cooperation with industry. Most graduates enter the petroleum and nonferrous mineral industries.

Montana's system of trade and industrial schools consists of five state centers for vocational-technical education, three community colleges, one four-year college and about 30 proprietary institutions. Montana high schools also offer vo-tech courses for adults as well as young people. Programs offered are based on the needs of the communities they serve.

During 1984, nearly 8,000 students learned valuable job related skills at Montana's vocational-technical centers, community colleges and private vocational schools. These people were prepared to immediately join Montana's skilled work force. Students learned to be nurses, legal and medical secretaries, computer programmers, accountants, welders, industrial electronics workers, airframe maintenance technicians, auto mechanics, agri-mechanics, pilots and cosmetologists. Schools develop new programs as needed to meet the demands of business and industry.

Research Facilities

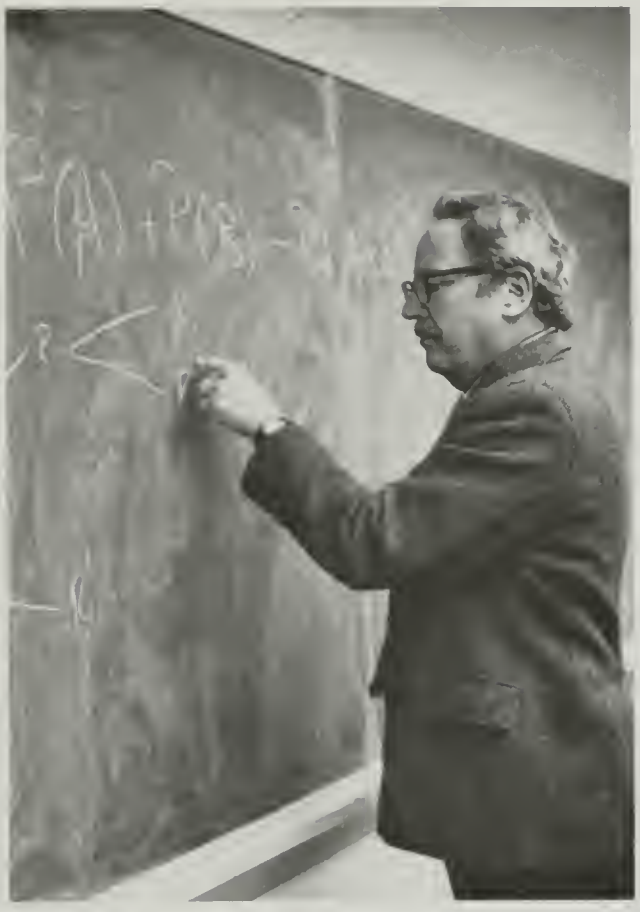
Both the University of Montana in Missoula and Montana State University in Bozeman have respected research capabilities and in recent years have developed nationally recognized programs in engineering, forestry, immunobiology, surface physics, plant genetics and pathology, paleontology, coal technology, cancer virus replication and limnology, kinetic modeling of metabolic processes, to name a few. Both universities have succeeded in gaining substantial research funding from such prestigious sources as the National Science Foundation, National Institute of Health, U.S. Department of Energy and the U.S. Agency for International Development.

In Butte, the Montana College of Mineral Science and Technology has extensive research facilities in the environmental and energy sciences, and in geological, geophysical, metallurgical, mineral processing, mining and petroleum engineering. This school is a nationally acknowledged source of expertise on the coal hydrology and geology of the Northwest region.

University-industry cooperative research is important and continues to be fostered by these institutions. Private contract research funding and collaboration between university and industry scientists is increasing and proving to be mutually beneficial.

Several federal government laboratories are located in the state. The National Institute of Health's Rocky Mountain Laboratories are located in Hamilton and research specialties include microbiol structure and function, epidemiology, and persistent viro. The USDA Forest Service operates forest and range experiment stations on the university campuses at Bozeman and Missoula. Also located in Missoula are the Northern Forest Fire Laboratory and the Equipment Development Center. The USDA Agriculture Research Service's Fort Koegh Livestock and Range Research Station is located near Miles City.

Additionally, several private research organizations and advanced technology firms located in the state maintain research and development laboratories and facilities.



Education, industry and government often work cooperatively to develop new training programs for specialized skills needed by incoming employers.

Successful University Research

Research is an integral part of Montana's university system, with tremendous progress being made. Recently, at Montana State University, a modified bacterium was developed which substantially improves the nutritional quality of bread. This research could prove to have significant impact in Third World countries where inferior types of grain are raised.

Successful research at the University of Montana includes the development of an enzyme derived from poultry. Patented by the university, the enzyme is expected to have broad applications in genetic engineering.

The Technology Alliance

The Technology Alliance is a joint economic partnership between the state and the private sector. Its mission is to strengthen Montana's business climate through investments in research and development. The Alliance invests in the state's economic future in three distinct ways: (1) research and development of new products, processes and technologies, (2) technical assistance and transfer of new technology to existing Montana businesses and (3) seed capital, matched with private investment, to encourage commercialization of new processes and products.

The 1985 Montana Legislature approved a total biennial budget of $4 million for The Alliance, with $2 million appropriated for FY 1985. Most investments are funded with a minimum of 50% state funds and 50% matching funds.

MONTANA

TRANSPORTATION

Open door to the Northwest.

"Reliable transportation is one of the primary reasons we located our business near Bozeman, Montana. Because air service here is rarely interrupted by the weather, we can easily serve worldwide markets.

We offer highly technical products and services to pharmaceutical and health-related industries around the world. We ship worldwide and we travel worldwide, so we rely heavily on commercial air service.

Montana has proved to be an ideal location for two other reasons. First, nearby Montana State University's research facilities have one of the finest electron scanning microscopes in the world, which is very important to our research and product development. Secondly, the quality of the life we enjoy in Montana is very important to our staff, our families and our sense of well-being.

Good transportation, state-of-the-art research facilities and excellent quality of life—that's why Skyland made its home in Montana."

Rod A. Marshall
Skyland Scientific Services, Inc.
Belgrade, Montana

Rod A. Marshall is Executive Vice President of Skyland Scientific Services, Incorporated, a high-tech firm offering specialized products and consulting services to the pharmaceutical and health-related industries. Skyland was established in September 1978 by the President and CEO, Dr. John R. Gillis, and has since become known worldwide as a pioneer in sterilization technology, process engineering, microbiological analysis and biological products design. Skyland serves over ninety firms around the world, including Lederle Laboratories, G.D. Searle Corporation, E.R. Squibb & Sons, Inc., U.S. Surgical Corporation, Corning Glass Works and Exxon. The firm employs sixty workers and has attracted top scientists and researchers from around the world. They anticipate doubling their staff and business within the next two years.

Airlines

Four major airlines serve Montana—Northwest Orient, Western, Frontier and United—and offer both passenger and freight service. Non-stop flights go to Minneapolis, Chicago, Denver, Salt Lake City and Spokane from the state's larger cities. Montana's five largest urban centers each have between 8 and 45 commercial flights leaving daily for points outside the state.

Big Sky Airlines, a Montana-based corporation, provides service to 10 cities in Montana, two cities in North Dakota and one city in Wyoming. Cascade Airlines provides service to Spokane, Washington from Kalispell, Butte and Helena.

Montana has 125 public-use airports. Fifteen have commercial air carrier service, and 75 can handle light and medium twin-engine aircraft. Montana has 57 fixed-base operators offering charter service.

Highways

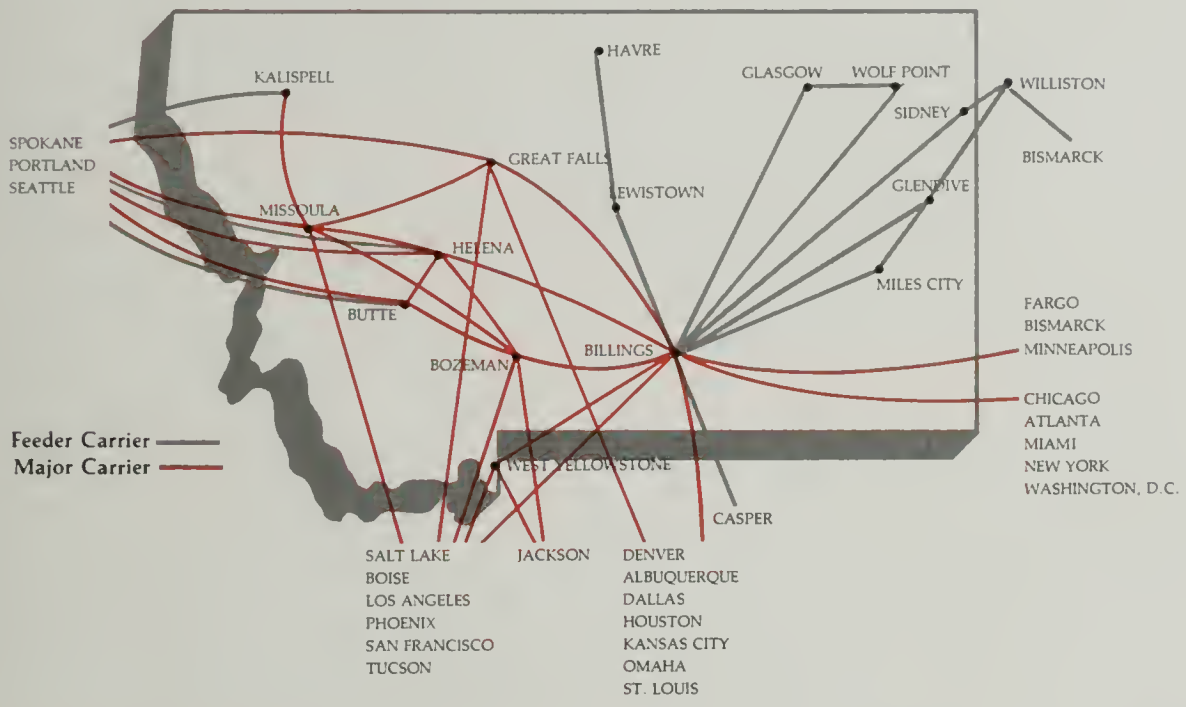
There are 14,200 miles of paved highways in Montana, including nearly 1,200 miles of four-lane interstate highways. The 1983 Legislature recognized the importance of Montana's highways and established the Reconstruction Trust Fund. Ongoing construction and resurfacing ensures the quality of Montana's roads.

In fiscal year 1984, $177 million was spent to improve Montana's highways, with another $153 million budgeted for FY 1985. Increased interstate funding is also helping to maintain Montana's interstate system. Between July 1983 and November 1984, 28% of the interstate was repaved. A projected $260 million will be spent in FY 1985 to continue interstate improvements.

Frequent air schedules and uncrowded highways provide easy access for passengers or freight to and from anywhere in the nation.

COMMERCIAL AIR ROUTES

As of May 1985



MONTANA HIGHWAYS

Interstate 15 runs north-south, connecting Montana with Salt Lake City and Los Angeles, and with modern Canadian highways serving Calgary and Edmonton, Alberta. Interstate 90 connects with Spokane and Seattle to the west and runs south from Billings connecting with Denver and Chicago. Interstate 94 connects Billings and eastern Montana with North Dakota and the Twin Cities to the east. Several other major highways also cross the state.

Expediting Services

Montana is served by the usual expediting services—Federal Express, Airborne, Express Mail—offering overnight delivery to most points in the nation.

Commercial Trucking

Montana is extremely well served by more than 6,500 intrastate, interstate and international commercial motor carriers. The larger common carriers include Molerway Freightlines, Garrett Freight Lines, Consolidated Freightways, Salt Creek Freightways and Pacific Intermountain Express (PIE).

Several specialized carriers haul Montana commodities such as petroleum products, timber, livestock and grain to markets outside the state.

Multimodal transport facilities are also available to Montana shippers. Grain and other agricultural products are routinely trucked to Lewiston, Idaho, where they are transported by barge on the Snake and Columbia Rivers to Portland, Oregon.

United Parcel Service provides rapid parcel delivery from all Montana communities to any point in the U.S.

The nine intercity bus lines that serve Montana also offer efficient interstate and intrastate freight service.

Common carriers, specialized commodity carriers, and expediting services serve business and industry's transportation and communication needs in Montana.

Railways

Montana's industries enjoy reliable rail transportation. More than 3,500 miles of rail connect Montana with other states and markets. The state's primary east-west rail service is provided by two Burlington Northern main lines with routes to the Midwest, East, Gulf Coast ports and the Pacific Northwest. Montana is on the rail portion of the land bridge routes giving coastal access to and from the Far East.

Union Pacific provides access to the Midwest, Pacific Northwest and Southwest including California. A shorter route of the Soo Line enters the northeastern portion of the state.

Railroad access is offered at several industrial parks and numerous on-line locations for industry.

The use of 52-unit grain and coal trains has developed quickly since its introduction in Montana in 1980. Faster turnaround time has effectively increased car supply, enhancing rail rates, service and profits for both railroads and producers.

State participation in a grain subterminal facility on the Union Pacific line near Butte has opened new market potential for Montana's agricultural products and provided needed competition within the transportation industry.

MONTANA RAILWAYS

Import/Export Facilities

The Great Falls Foreign Trade Zone serves as a low cost import/export distribution center convenient to air, truck and rail carriers. Manufacturers within the zone may combine imported goods with domestic wares, or break bulk, repackage and relabel to achieve lowest duty status. No duty is paid until goods are withdrawn from the zone for U.S. consumption.

The zone, which is within 150 miles of the Canadian border, consists of more than 150 acres of prime industrial land located at the city's international airport. The zone is served by two all-cargo scheduled air carriers, offering direct connections to 11 other U.S. foreign trade zones. Direct flights via great circle routes to Europe and the Pacific Rim are routinely handled in Great Falls.

Rail service is provided by Burlington Northern within one-half mile of the zone site. There are 10 scheduled freight trains arriving or departing Great Falls on a daily basis. Eleven truck carriers offer daily scheduled deliveries into the Great Falls Zone.

The Port of Montana, Butte, is a shipping facility that provides coordinated, consolidated and individualized service. The Port specializes in handling both containerized cargoes received by rail directly from ships docking at West Coast ports, and in products to be containerized in Butte for shipments from West Coast ports destined for foreign countries. The 10-acre facility is served by both Burlington Northern and Union Pacific Railroads.

The Port offers full-time services of the U.S. Department of Customs as well as licensed broker services. Low-cost unpacking and breaking down of foreign shipments is available and there is ample bonded and general warehousing with maximum security protection.

Export and transportation facilities provide Montana products access to national and international markets.

MONTANA

ENERGY
RAW MATERIALS
WATER
LAND

A wealth of resources.

"Anyone in the raw material business would be attracted to Montana at first glance because of its wealth of minerals, timber and energy.

I'm enthusiastic about Montana as a place to do business because there are still a lot of resources in what I would call "non-conflict" areas ... areas that have not already been designated for another use."

Bob Kelly
Champion International
Missoula, Montana

Bob Kelly, a Montana native and University of Montana graduate, is public affairs manager for Champion International's Rocky Mountain region. Champion's investment in Montana is substantial. It includes 800,000 acres of timberlands; the largest softwood plywood plant in North America; several sawmills that produce a wide variety of lumber products; and the largest of Champion Packaging's pulp and linerboard mills. There are about 3,000 Montanans directly employed by these operations.

Low-Cost Energy

Montana industries pay substantially less for energy than the majority of the nation, partially due to the state's abundance of low-cost hydroelectric power. Montana ranks third lowest among the 48 contiguous states in energy cost per million BTUs *(General Manufacturing Business Climates, 1983).*

Montana can be expected to maintain its utility cost advantage over the long term. The state contains large reserves of coal, oil and natural gas, enabling it to economically supply substantial amounts of its own energy well into the future.

Montana's oil and gas industry has been active since the 1920s, and it is generally agreed that Montana has great potential for discovery of new fields. Interest is also focusing on the vast, low-sulphur coal reserves in the Powder River and Fort Union regions of eastern Montana, known to have the nation's greatest potential for fossil fuels development.

INDUSTRIAL ENERGY COST COMPARISON INDICES—1983

Energy costs in Montana are appreciably lower than in many other states. In the chart below, 100 is the average.

	Electricity	Gas
Arizona	106	85
California	135	114
Connecticut	147	129
Delaware	106	119
Hawaii	186	315
Illinois	109	98
Maine	93	152
Massachusetts	143	103
Montana	**49**	**122**
North Dakota	102	99
New Hampshire	138	112
New Jersey	145	109
New Mexico	117	79
Nevada	96	102
New York	105	118
Oregon	66	114
Pennsylvania	109	108
Rhode Island	154	117
South Dakota	85	93
Texas	103	84
Vermont	114	111

As the nation looks to the future, Montana offers great potential in low-cost energy from oil, natural gas and coal.

Abundant Raw Materials

Nationally, Montana is a leading producer of agricultural products, minerals and timber, and processing of these commodities accounts for about 75% of Montana's manufacturing labor income. Yet there are still opportunities for processing of these raw materials.

Agricultural Products

Well known nationally and internationally for its wheat, barley, and beef, Montana also ranks in the top 10 states in the production of sheep, wool, hay, dry beans, oats, potatoes, honey, and sugarbeets. Other major Montana agricultural products include corn, safflower, flaxseed, mustard seed, cherries, huckleberries, apples, poultry, and hogs.

Montana has the largest amount of acreage in strip cropping in the U.S. and is second in total land in farms and ranches.

Processing of agricultural products is an important industry in Montana, and includes meat packing plants, dairies, grain mills, bakeries, sugar refineries and bottling plants.

Timber

In 1983, 1.3 billion board feet of lumber was produced in Montana, ranking it 8th among the 30 lumber-producing states in total lumber output (Western Wood Products Ass'n and U.S. Census Bureau).

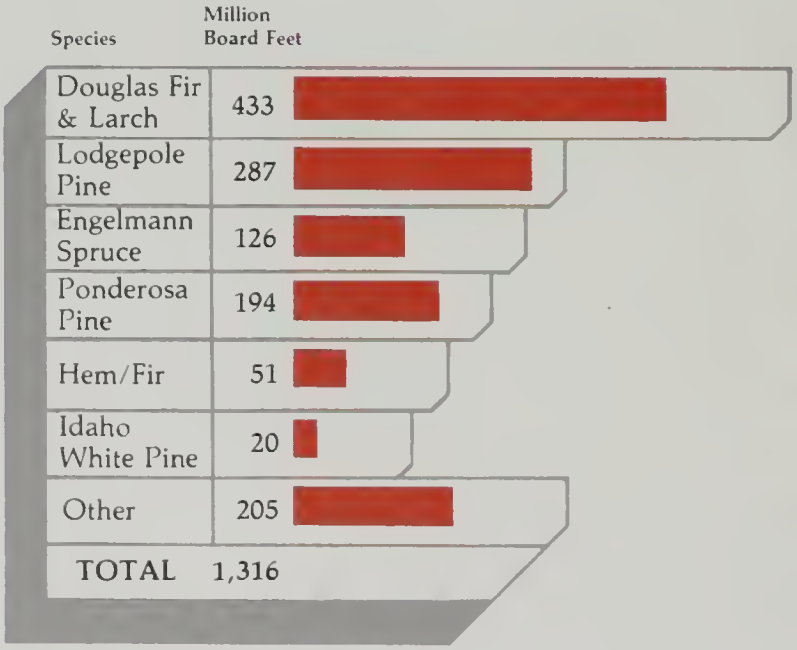
Plywood is an important component of the Montana forest products industry and, in recent years, production has averaged about 600 million square feet.

More than 45% of Montana's manufacturing workforce is involved in the forest products industry. The majority of activity consists of sawmills and stud mills; plywood, particleboard, and fiberboard plants; a pulp and paper mill; producers of houselogs; and post and pole plants.

Secondary wood products manufacturing plants produce modular construction components, mobile homes, wooden furniture, beekeeping supplies and other items.

Vast forests, many managed by major lumber companies, produce wood products used across the nation.

1983 LUMBER PRODUCTION



(Source: Western Wood Products Association)

Minerals

As the world's known mineral reserves grow short, exploration and mining continue to increase in Montana. Beyond production of oil, coal and natural gas, Montana has vast and relatively undeveloped reserves of many minerals that are key to American industry.

The state's non-fuel minerals production is currently valued at about $290 million annually. A dramatic increase in gold production in the past several years has caused it to become the largest revenue-producing non-fuel mineral, followed closely by silver and copper. The mining of metallic minerals accounted for 60% of the total non-fuel mineral production in 1984. Antimony, lead, molybdenum and zinc are also being mined in the state, and undeveloped deposits of these metals and others—chrome, iron, platinum, paladium, nickel and tungsten—are being explored and prospects for development are promising.

Southwestern Montana has vast reserves of phosphate rock, and commercial bentonite is common in eastern Montana. The potential of both of these commodities is just beginning to be developed. Montana gypsum, vermiculite, barite, limestone, sand, gravel and building stone supply local construction materials industries. Gypsum, vermiculite and limestone are also shipped to markets outside the state. Montana also has the largest pure deposits of talc in the U.S., and produces metallurgical grade silica.

Montana's mineral resources offer promising prospects in several areas of the state.

NON-FUEL MINERALS PRODUCTION IN MONTANA—1983

		Quantity	$ Value (thousands)
Antimony	short tons	250	NA
Clays	thousand short tons	194	$ 6,205
Copper (recoverable content)	metric tons	33,337	56,245
Gem stones		NA	300
Gold (recoverable content)	troy ounces	161,436	68,449
Lead (recoverable content)	metric tons	1,163	556
Lime	thousand short tons	86	NA
Sand and gravel	thousand short tons	5,000	10,200
Silver (recoverable content)	thousand troy ounces	5,708	65,299
Stone (crushed)	thousand short tons	872	2,344
Other minerals (including barite, cement, gypsum, iron ore, peat, phosphate rock, stone, tungsten, vermiculite, talc and zinc)			89,902
	TOTAL		$293,295

NA—Not available. Source: U.S. Bureau of Mines

Water

Montana is a headwaters state for two major river systems—the Columbia and the Missouri—and annually produces about 28.4 million acre-feet of water within its borders.

The state's rivers and streams are fed largely by melting snow and spring rains. Natural streamflows peak in May and June, and some of the excess water is typically stored in private, state, and federal reservoirs for use during later, low-flow periods.

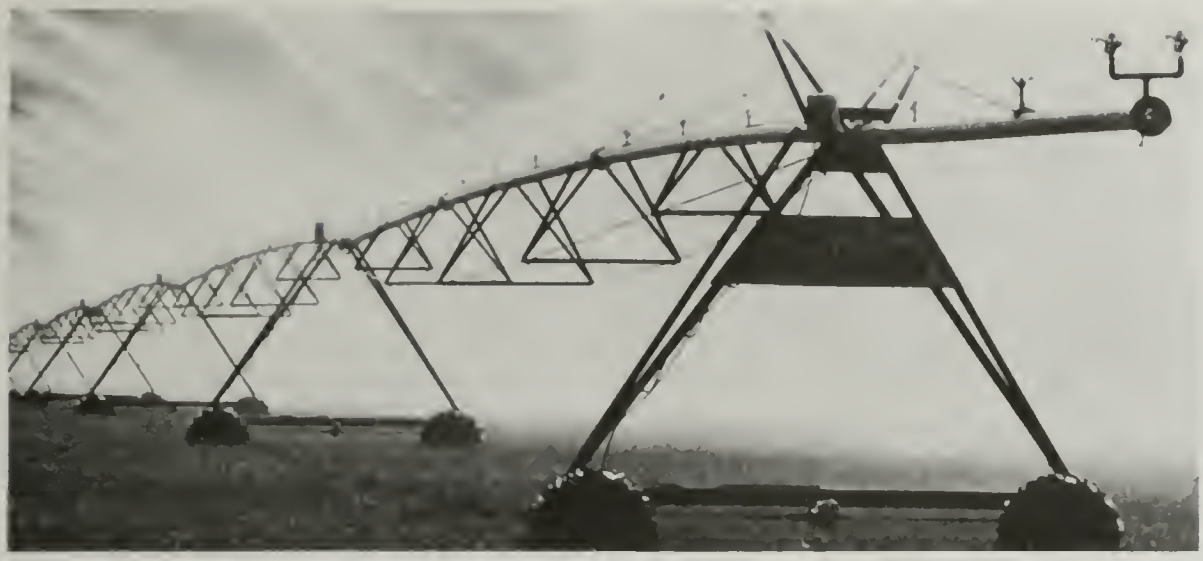
Like all the western states, Montana's water users are governed by the "doctrine of prior appropriation," meaning users with an earlier right have precedence over users with a later right. Users are not entitled to water rights unless they put the water to beneficial use.

About 98% of the water withdrawn in Montana is used for irrigation of farmland, with the balance going for thermo-electric power generation, industrial, commercial, residential and livestock purposes. Montana's water reservation system allows public entities to reserve water for future consumptive needs, which can include industrial use. Water is also reserved for purposes of maintaining Montana's important aquatic and fishery resources, a major attribute of the state.

The State of Montana has implemented aggressive new legislation initiated by Governor Schwinden which provides funding for the development and storage of Montana's water resources.

Montana has an adequate to abundant water supply for industries seeking a quality environmental setting for employees as well as water for consumptive purposes. Instream flows in Western Montana and the Upper Yellowstone and Missouri rivers are either protected by instream flow reservations or large hydropower water rights, thus providing a quality fishery and riparian environment. Most areas of the state have surface or ground water available for industries which depend upon a firm water supply for their consumptive needs. Although low flow periods and existing water right constraints impose limitations to direct diversions in some locations, a reliable water supply is available from uncommitted reservoir storage in the major basins. State water resource officials can advise potential users on current water availability in various parts of the state.

Water from Montana's snow-fed rivers and streams is a significant natural resource well-managed for agricultural and industrial use.

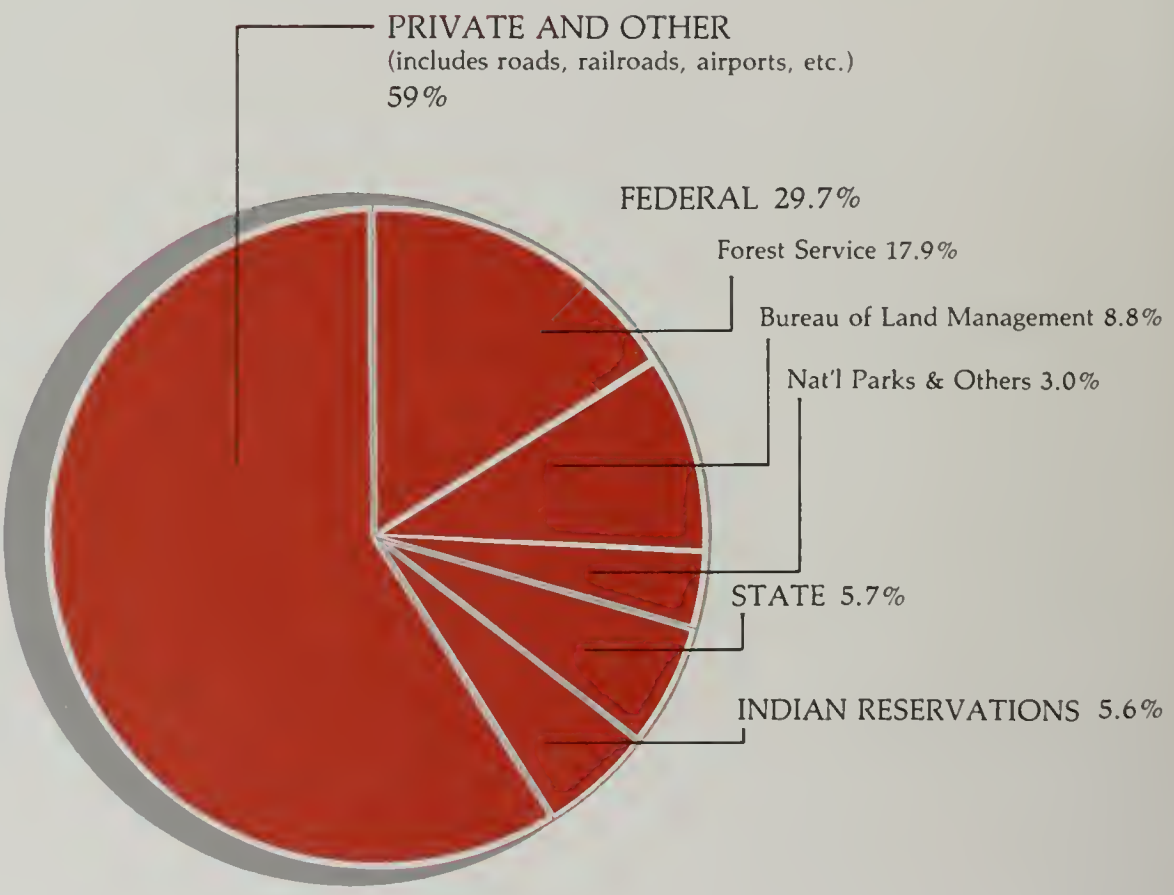


Land

The nation's fourth largest state, Montana is a land of vast and varied dimensions—500 miles long and 300 miles wide, with a land area of 93,157,952 acres. The eastern two-thirds of the state consists of plains broken by occasional mountain ranges. The western third is mountainous and timbered, with the Continental Divide running north and south between Glacier and Yellowstone National Parks. The Federal Government, through its national parks, national forests, wilderness areas and rangelands, controls nearly 30% of the state's land, mostly in western Montana.

Suitable land is available for manufacturing sites in many communities in Montana. Eleven of these communities have fully developed industrial parks with ready access to transportation systems.

MONTANA LAND OWNERSHIP



Source: "Public Land Statistics, 1982" and Montana Dept. of Lands.

MONTANA

FINANCING ALTERNATIVES
TAX INCENTIVES
TAXES AND LICENSES

The bottom line.

"We see the decade of the 1980s as a particularly appropriate period for business to consider investing in Montana.

We have water, we have energy, and best of all we have a work force of friendly, hardworking people. Our society is changing, and those changes favor Montana as technology replaces the old ways of doing business and allows companies to operate effectively in less congested environments.

D.A. Davidson & Co. competes well from its Montana location because of modern communications technology and hardworking professionals.

Montana can't miss, and we recommend it highly!"

Ian B. Davidson
D.A. Davidson & Co.
Great Falls, Montana

Ian Davidson is chairman and chief executive officer of D.A. Davidson & Co., a Montana-based brokerage firm that ranks in the top three percent of the nation's brokerage houses and is the largest firm in the Pacific Northwest with 11 offices in three states. Davidson won the National Awards Competition for Innovations in American Finance for a customer stockholder plan devised for Montana Power Company. Forbes Magazine describes D.A. Davidson & Co. as having "evolved into the quintessential regional brokerage firm." (October 27, 1980)

CENSUS AND ECONOMIC
INFORMATION CENTER
MONTANA DEPT. OF COMMERCE
HELENA, MT
(406) 444-2699

Montana . . . Committed to Business

Business in Montana benefits from a unique public-private partnership that forged and now carries out one of the most aggressive economic development efforts in the country.

The privately-financed Montana Economic Development Project, conducted by McKinsey & Company, Inc. in the early 1980s, identified and evaluated the state's economic strengths and weaknesses, and recommended specific actions that should be taken to build on the former and overcome the latter. State government took to heart those ideas, added more of its own, and in 1983, created the Build Montana program—a cooperative effort by the administration, the legislature, private industry, and the university system to encourage and support business development and expansion.

In the 1983 legislative session, Montana lawmakers approved the most comprehensive package of development finance programs ever enacted at one time by any state. The 1985 session added the Montana Science and Technology Alliance, created a "window of opportunity" in the coal severance tax, and generally reinforced and strengthened state development policies. The 1987 session promises even further action. Clearly, state government is concerned about business, and committed to its growth.

Meanwhile, the private sector continues its active involvement. Business representatives are in the majority on the Governor's Council on Economic Development, and on the boards of directors which guide the finance programs of the Montana Economic Development Board, the Montana Science and Technology Alliance, and the Montana Board of Investments. The Montana Ambassadors, a non-partisan, nonprofit organization of 200 university and business leaders, plays a key role in the state's development efforts.

Individual Montana firms paid for and were featured in Montana's most recent national business recruitment campaign, a series of ten quarter-page advertisements in the WALL STREET JOURNAL that showed how quality of life and "bottom line" business considerations both can be satisfied spectacularly in Montana. (If you missed the ads, please let us know. We'll be glad to send reprints.)

In Montana, state and local governments pride themselves on their responsiveness to business. The Governor and top cabinet officials are accessible, concerned, and willing to get involved in finding creative solutions to business needs. Cities and counties can offer technical assistance, tax incentives, low-cost industrial sites or incubator facilities, and more.

Committed to business—that's Montana.

Many sources of financing are available to business and industry locating in Montana.

Montana Certified Communities. Better for Business.

Montana communities are active participants in a unique economic development partnership. They're committed to business—and prepared to demonstrate that commitment through their involvement in the Montana Certified Communities Program.

Inaugurated in 1985, the Montana Certified Communities Program was created to help cities, towns and counties assume leadership in determining and shaping their area's economic future. The program requires that they plan and implement aggressive local economic development programs specifically tailored to meet the needs of new and expanding businesses.

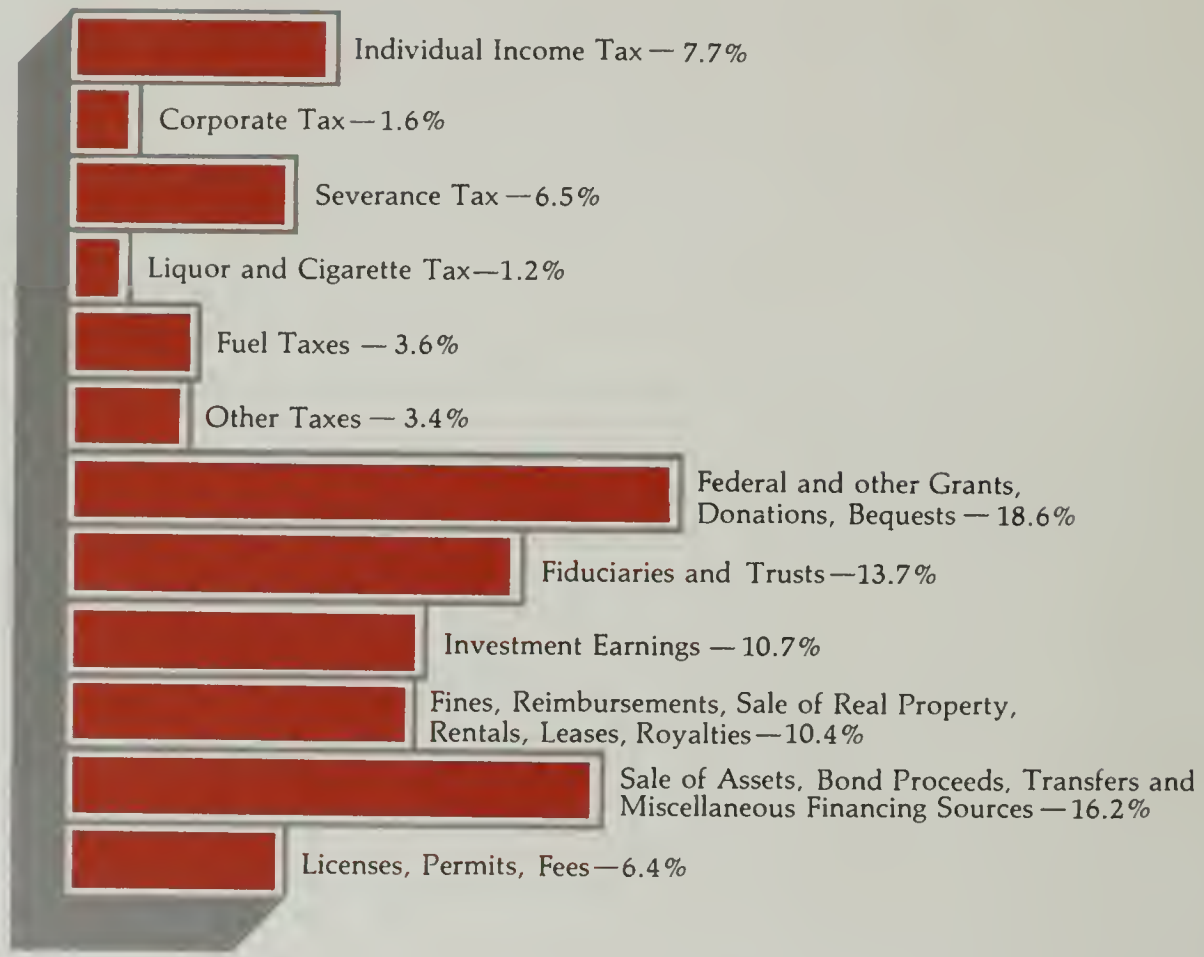
To achieve certification, communities must form a local development organization, create a local data resource center, conduct a business survey, develop a one- and five-year economic development plan and strategy, form a financial resource advisory group, develop a support program for existing businesses and prepare a new business hosting program.

Presently, 19 communities throughout Montana are certified "Better for Business" while others continue to work on pre-certification activities. All are ready to offer you the technical assistance you need—from site selection and financing to tax incentives and market demographics—to make an informed decision to locate your business in Montana. And, it goes without saying, they're ready to give you a Montana-style welcome so you'll feel right at home, right away.

SOURCES OF MONTANA REVENUE

Taxes provide less than one quarter of state government's revenue.

Montana receives $2.21 billion annually in revenue from all sources. Tax collections supply 24% of this revenue.


Individual Income Tax — 7.7%
Corporate Tax — 1.6%
Severance Tax — 6.5%
Liquor and Cigarette Tax — 1.2%
Fuel Taxes — 3.6%
Other Taxes — 3.4%
Federal and other Grants, Donations, Bequests — 18.6%
Fiduciaries and Trusts — 13.7%
Investment Earnings — 10.7%
Fines, Reimbursements, Sale of Real Property, Rentals, Leases, Royalties — 10.4%
Sale of Assets, Bond Proceeds, Transfers and Miscellaneous Financing Sources — 16.2%
Licenses, Permits, Fees — 6.4%

Montana has reduced its reliance on general taxes.

In recent years, general tax sources—individual income tax, corporation tax, liquor and cigarette taxes, and fuel taxes—have declined in relative importance. In other states, the opposite has happened with individual income, sales taxes and corporate taxes providing an ever-growing share of state tax collections.

Montana Taxes

How does Montana compare?

Montana is one of three states with the lowest taxes paid by individuals. In 1985, Montana's taxes on individuals were $49.74 per $1,000 personal income, or the third lowest in the nation. Montanans' individual tax load was 34% lighter than the national average.

Montana is one of only five states with **no general sales tax.** As a result, Montanans pay only $16.07 per $1,000 personal income in selective taxes, the fifth lowest in the nation.

Property Taxes

In 1985, the property tax provided nearly half of Montana's state and local tax revenue. Nearly all of that money is spent to maintain strong local government and school systems.

The Montana Department of Revenue is responsible for administering property taxes in Montana. Almost all real estate and improvements are assessed by the classification and appraisal office in each county. The county assessor is responsible for appraising most personal property.

Most land improvements—except agricultural land—are assessed at 3.86% of market value. Manufacturing and mining machinery, fixtures, equipment, tools and supplies are assessed at 11% of market value. Qualifying new industrial property is assessed at 3% of market value. By law, market value, appraised value, and assessed value have the same meaning for taxation purposes.

Residential Property Taxes

Montana's residential property tax averages $9.69 per $1,000 of personal income, or 43% lower than the national average. The state ranks 33rd in the nation by this measure.

Business Real Property Taxes

Montana's average effective tax rate (tax as a percent of market value) on business land and improvements is lower than the national average. On this scale, Montana ranks 30th in the nation.

Individual Income Tax

The individual income tax is the second largest source of revenue for state and local governments in Montana. In 1981, voters approved an initiative requiring that this tax be indexed. The standard deduction, personal exemption, and tax brackets are all indexed to keep pace with inflation and eliminate "bracket creep."

The general formula for calculating the Montana income tax is similar to most states'. Beginning with federal adjusted gross income, certain types of income are added or subtracted to arrive at a state adjusted gross income. Additions include interest received from bonds of other states and their municipalities and qualifying federal tax refunds of the previous year.

Subtracted is interest income from U.S. Government obligations, interest income (up to $800 per individual) earned by a taxpayer age 65 or older, certain retirement benefits, and other specific exclusions.

Starting with Montana adjusted gross income, taxpayers may itemize deductions or claim a standard deduction. The standard deduction for a single taxpayer is 20% of adjusted gross income, with a maximum deduction of $1,990. For couples filing a joint return, the maximum is $3,980. The personal exemption is $1,060.

Montana has a progressive rate structure in which the first $1,300 of taxable income is taxed at 2%, the next $1,300 of taxable income at 3%, up to an 11% rate on all taxable income in excess of $46,600.

Montana's average individual income tax of $20.84 per $1,000 of personal income is below the national level, ranking 23rd lowest in the nation.

Source: Montana Department of Revenue

MONTANA TAX ADVANTAGES

- Taxes on individuals are 3rd lowest in the nation
- Montana has no general sales tax
- Residential property tax is 43% lower than the national average
- Compared to Montana personal income, business taxes have not risen significantly in the past decade. In fact, local property taxes on businesses have actually declined.

Corporation License Tax

Corporations are subject to an excise tax of 6¾% of the corporation's net income from sources within the state. Industries qualifying as "small business corporations" are not subject to this tax; not-for-profit corporations are exempt.

New and expanding industries which produce products new to Montana are eligible for a tax credit equal to 1% of the total new wages paid for each of the first three years of operation. In order to be considered "expanding," an industry must increase its work force by 30% during a single year.

In general, in computing net income, a corporation is allowed the same deductions from its Montana gross income as are permitted under the Federal Internal Revenue Code. Federal corporation income tax may not be deducted in computing net income. However, operating losses may be carried backward and forward.

If a corporation derives income both inside and outside the state, if its sole business activity in Montana is making sales, if it neither owns or rents any property in the state, and if its annual gross Montana sales do not exceed $100,000, then it may elect to pay one half of one percent (0.5%) of its gross sales in lieu of Corporation License Tax.

Requirements for Employers

Every employer in Montana who pays wages is required to deduct and withhold tax which is determined by using tax tables issued by the Department of Revenue. In most cases an employer is required to pay the amounts withheld and file a report with the Department on a quarterly basis.

Unemployment Insurance Tax

With certain exceptions, employers are required to pay an unemployment insurance tax on their payroll at quarterly intervals. This tax is used to finance the payment of benefits to unemployed workers. The tax rate for a particular employer is based on an experience rating system that monitors the benefits charged against the employer's account.

Montana's unemployment insurance rates for 1984 range from 1.8% to 4.3% of the first $8,400 of an employee's wages. Montana offers a reduced rate for new employers. For example, in 1984, instead of paying the maximum rate of 4.3%, new employers will pay 3.8%.

Workers' Compensation

The Workers' Compensation Act of Montana, with limited exceptions, requires all employers to carry insurance that provides compensation and medical benefits to employees injured on the job. Neither general liability nor health and accident insurance policies are substitutes for workers' compensation insurance.

Employers may obtain coverage through certain private insurance companies, or from the state-operated insurance companies. Certain large employers are allowed to self-insure. Employers pay the insurance premiums based on a percentage of employees' salaries. The law prohibits employers from deducting or obtaining any part of the premium from employee wages.

Montana has a progressive workers' compensation system that has been able to hold insurance premium costs at a competitive level.

Industrial Tax Incentives

The following is a general outline of taxes and industrial tax incentives in the State of Montana. It should not be considered a substitute for the actual tax laws. Complete information on taxes and incentives that apply to your business may be obtained by contacting the Montana Department of Commerce.

Property Tax Reductions New industries may qualify for a 65% reduction in the taxable valuation of their property for the first three years of operation in Montana. New or expanding manufacturing industries may be eligible for reduced assessments (up to 50% of their taxable value) during the first ten years after construction or expansion.

In recent years, Montana has aggressively redesigned its tax structure to attract new employers.

No Use or Sales Tax Montana has no use tax on the purchase of equipment, and no general sales tax.

No Inventory Tax Business inventories and freeport merchandise are exempt from property taxes.

New Industry Credit Certain new or expanding manufacturing corporations may claim a credit of 1% of total wages paid to new employees hired in the first three years after operation or expansion begins.

Corporation Tax Montana allows businesses to make full use of the depreciation rules enacted in the Federal Economic Tax Recovery Act of 1981 in calculating their state corporation tax. Montana also allows corporations to use net operating losses in excess of the current year's tax liability to reduce taxes paid for the last three years or seven years in the future. Montana allows a deduction for Federal windfall profit tax paid.

Mill Levy Funding A one-mill levy is authorized for purposes of economic development within any Montana city, county or town, if approved by local voters. These funds may be used for developing industrial parks, buildings to house manufacturing operations, feasibility studies and other activities associated with economic development.

Investment Tax Credit Individuals and corporations that qualify as "small business corporations" may use 5% of their Federal Investment Tax Credit as a credit against state income tax liability or corporation license tax liability.

Pollution Control Incentive Air and water pollution control equipment is taxed at 73% less than other industrial equipment. This includes facilities, machinery or equipment used to reduce or control water or atmospheric pollution or contamination by removing, reducing, altering, disposing or storing pollutants, contaminants, wastes or heat.

Sources of Industrial Financing

Industrial Revenue Bonds

Industrial Revenue Bonds (IDBs) offer an excellent source of attractive long-term financing for projects involving land, buildings or equipment. Because the interest income to purchasers of IDBs is exempt from state and federal income taxes, the interest rate charged for loans financed with these bonds is typically lower than conventional rates.

Projects and activities financed with IDBs must comply with IRS regulations, but in general, most construction or expansion activities are eligible. Examples of projects financed in Montana through IDBs include motels, office buildings, warehouses, retail buildings, and medical facilities.

IDBs are sold through a "private placement," where a single investor (typically a bank) purchases all the bonds, or through a "public offering," where an investment banking firm offers the bonds to a variety of investors.

The bonds may be issued and made available to a business by either a local governing body or by the Montana Economic Development Board (MEDB). Through the MEDB, the state aggressively assists eligible businesses with IDB financing on a stand-alone basis and through its Pooled Industrial Revenue Bond Program. Under this program, the MEDB pools together the financing requests of a number of projects under $1 million and sells a single state-backed bond issue to fund the underlying loans. In essence, the Pooled IDB Program allows smaller businesses to take advantage of the substantial benefits of Industrial Revenue Bond financing while avoiding otherwise prohibitive issuance costs.

Coal Tax Loan Program

Since July 1, 1983, 25% of all new revenues flowing into Montana's coal tax trust fund have been placed in an in-state investment fund from which long-term, fixed rate loans are made through participating financial institutions to eligible beginning or expanding businesses. As of November 30, 1984, the MEDB had approved Coal Tax Loans totaling nearly $5 million. Based on current coal projections, the Board hopes to approve an additional $15 million in loans by the end of fiscal year 1986.

Montana Capital Companies

Authorized by the 1983 Legislature, this program is designed to make private "venture" or "equity" capital an available resource within the state. There are currently three "capital companies" approved by the MEDB, and two additional companies have organized but not completed the approval process.

Through this program, the state offers a 25% tax credit as incentive to individual investors in qualified Montana capital companies. The companies, in turn, must invest these funds in small Montana firms.

Investment Banking Firms

The state's investment banking firms are involved in developing capital for business and industry through underwriting Industrial Revenue Bonds and corporate bonds and in raising equity capital through stock issues and other innovative means of financing.

One of the nation's leading regional investment banking firms is headquartered in Montana, offering new and expanding businesses a thorough knowledge of the region together with a willingness to handle smaller issues.

Local Development Corporations

A number of local, non-profit economic development corporations are active in the State of Montana. Many offer developed industrial property, buildings via lease/purchase agreements, maximum available tax advantages and favorable financing arrangements.

Commercial Lending Institutions

There are 167 commercial banks in Montana, with combined assets totaling more than $7 billion at the end of 1984. Several of these are affiliates of major holding companies, including the First Bank System, Norwest Corporation and First Interstate Bancorp.

Montana also has 12 state and federally chartered savings and loan associations with combined assets of over $1.1 billion, and 117 state and federally chartered credit unions with combined assets of $474 million.

Small Business Administration

Nearly all businesses are eligible for federal SBA financing of buildings, equipment and operating capital. SBA loans are administered by local banks, with the SBA guaranteeing up to 90% of loans up to $500,000.

Six communities have created Certified Development Companies (CDCs) to offer the SBA's 503 fixed asset financing program to their areas. A statewide CDC was recently formed, providing access throughout the state to the SBA's 503 program.

The Department of Commerce is your advocate.

Here in Montana you will find a group of people who are as interested in your business as you are.

A wide range of services are offered by the Department of Commerce to prospective, new, and existing businesses. All of the following services are available through this single source.

The Department's specialists can provide you with:

Assistance in Site Selection and Development
Our Business Location Specialist serves as a confidential resource for firms considering a Montana location, and acts as a liaison between the firm and Montana communities.

Development Finance Technical Assistance
Montana's Finance Specialist assists in financial analysis and planning, in the preparation of loan and bond applications, and in other public sector financing programs available to businesses.

Product Promotion and Marketing Assistance
The Marketing Specialist focuses on the development and expansion of markets for products manufactured or processed in Montana.

Business Development Assistance
Our Business Development Specialist provides information and technical assistance to small businesses—particularly manufacturers—on such topics as employee training opportunities, U.S. government contract leads and sources of loan and grant funds.

International Export Assistance
The International Export Specialist offers direct, one-stop technical assistance to small businesses wishing to enter foreign markets.

Business Advocacy and Licensing Assistance
Montana's Small Business Advocate serves as a first contact for individuals wishing to start a new business. The Advocate also acts as ombudsman for businesses with questions or complaints regarding other state agencies.

Census and Economic Information Center (CEIC)
The CEIC is the lead agency of the Montana State Data Center. It serves as a central location for businesses, government agencies and the general public wishing to obtain population and economic information for research, planning and decision-making purposes.

These and other services are designed to help you eliminate red tape and concentrate on the successful start-up, expansion and operation of a business. Whatever your business needs to grow and prosper, the Montana Department of Commerce is always ready to help. Like an advocate should be.

A Message from the Director.

In an effort to create a strong environment for commercial and industrial growth, the Department of Commerce has developed a unique alliance with nearly 200 Montana business leaders. The Montana Ambassadors are executives who have committed their time and resources to assist our state with its development efforts. They have demonstrated, through their own success, that Montana is a good place to do business.

We know that success follows success. So, when you're ready to get down to the bottom line, you may want to talk to a Montana Ambassador for practical answers to all your questions. But first, come to our professional staff for the technical information you need to make a location decision for your business. Your inquiry will be treated professionally and confidentially.

Please direct your inquiry to:

Keith L. Colbo, Director
Montana Department of Commerce
1424 Ninth Avenue, Room 1
Helena, MT 59620
(406) 444-3494

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And special thanks to the many businesses, manufacturers and agricultural enterprises who have already built their future in Montana. They know our state truly is a place to soar.

Please direct your
confidential inquiry to:

Montana Department of Commerce

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